

The Economic Impact of the Barack Obama Presidential Library in Chicago

*An Analysis of Potential Sites Near the University of
Chicago on Chicago's South Side*

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I. Executive Summary

Presidential libraries play an important role in the preservation of American history. Since the first presidential library and museum was established for Franklin D. Roosevelt in 1947, presidential libraries have been invaluable resources for historians, political scientists, biographers, journalists, lawyers, and graduate students from all over the world. However, presidential libraries serve as more than just archives.

Each library has a museum component which documents the life and times of its respective President. The museums host changing exhibits about particular topics relating to American history and experience. All exhibits are open to the public. Presidential libraries provide extensive educational and cultural programming, bringing in noted speakers, hosting symposia and conferences, and providing educational programs for hundreds of thousands of schoolchildren. As such, presidential libraries are destinations for local residents and national and international travelers who admire or are curious about former presidents. In addition, the libraries' supporting foundations often have offices on-site that are the locus of a President's post-term activities.

These functions and more contribute to a presidential libraries' impact as a local economic driver and community resource. For example, some credit the William J. Clinton Presidential Center in Little Rock, which houses the Clinton Presidential Library, with contributing to the revival of that city's blighted downtown and sparking local investment thanks to its ability to attract tourism to the city.¹ As Barack Obama's final term as president nears its end, proponents of placing the Barack Obama Presidential Library on the City of Chicago's South Side are hopeful that it would have such an impact. A \$380 million construction project, beautification and re-investment in local infrastructure, and the ongoing attraction of tourists to the area can provide a significant economic boon to the neighborhood and the city.

PURPOSE OF REPORT

The University of Chicago commissioned Anderson Economic Group to complete an economic impact study of a proposed Barack Obama Presidential Library and Museum ("Obama Library").² In this report, we consider the economic impact on the City of Chicago of locating the Obama Library on the

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1. Maura Webber Sadovi, "Clinton Library Kicked Off Upturn," *Wall Street Journal*, September 6, 2006, accessed at <http://online.wsj.com/news/articles/SB115749716582654403>. Though the cited article provides anecdotal evidence that the Clinton Presidential Library is responsible for improving downtown Little Rock, we are not aware of any rigorous studies that can verify this effect.
 2. Throughout this report, we use the term "Obama Library" to describe the entire facility, which would probably include the library, an accompanying museum, and offices for the President's foundation.

city's South Side, near the University of Chicago. We go into further detail about three proposed sites.

In our analysis, we estimate how new spending on construction and operations of the library and museum, and by visitors attracted to the area, will impact employment, earnings, and output in the City of Chicago. We also consider how this increase in economic activity will impact tax revenues for city government and the school district, in aggregate.

OVERVIEW OF APPROACH

We define an institution's *net economic impact* as the amount of economic activity that occurs in a well-defined region due exclusively to the presence of that institution. Importantly, the net economic impact does not include *all* economic activity by that institution or its visitors. Rather, we only include spending or employment that would not have happened otherwise—that does not replace other local spending, employment, or development. We refer to economic activity that fits this definition as *net new* to the region.

For example, the net economic impact of a hospital in a location where there are already many other hospitals will be relatively low, because it will simply replace much of the economic activity that could be performed by its competitors. In the case of an institution like the Obama Library, which is one-of-a-kind and has funding that is mostly independent of its location, the net economic impact will be considerably larger.

The economic impact we estimate in this report is based in part on information from previous presidential libraries and museums. As the plans for the Obama Library are in their early stages, we do not have access to specific plans for construction and operations budgets. We therefore rely on estimates and the expert judgment of multiple parties, including employees at presidential libraries and consultants.

OVERVIEW OF FINDINGS

The economic impact of the Barack Obama Presidential Library and Museum on the City of Chicago would be significant. Our research and analysis yielded the following main findings:

- 1. Due primarily to an increase in visitors to the city, the Barack Obama Presidential Library and Museum would have an estimated annual economic impact of \$220 million on the City of Chicago. It would create 1,900 net new jobs and increase annual local earnings by \$56 million.*

The Obama Library would bring new economic activity to the City of Chicago, through spending on its own operations and by attracting more visitors to the city. We estimate that 800,000 visitors to the Obama Library will spend approximately \$110 million a year in the city that would not be spent otherwise, and

that the Obama Library will spend over \$2 million annually at local vendors. The beneficiaries of this spending will increase their own economic activity, resulting in \$220 million in total new spending annually, along with 1,900 jobs. See “Economic Impact” on page 19 for more information.

- 2. Construction of the Obama Library will have a \$600 million economic impact on the city, in addition to the creation of 3,280 local jobs and \$150 million in total earnings over the course of the construction phase.*

Based on the cost of construction for other recent presidential libraries and adjustments made for the specific projects and the Chicago construction industry, we predict that construction of the Obama Library will be a \$380 million project. Much of this spending will go to contractors and engineers in the City of Chicago. Construction of the Obama Library alone will create 3,280 jobs in the city for the duration of the project, providing a total of \$606 million in economic impact and \$156 million in earnings over the course of several years. See “Construction” on page 20 for more information.

- 3. Visitor spending and library operations will increase City of Chicago and Chicago Public Schools' tax collections by a combined \$5 million annually. Much of this increase is from hotel, parking, and rental car taxes.*

The City of Chicago has several different taxes that specifically target city visitors. Since the Obama Library would significantly increase the number of visitors to the city, the city will see an increase in tax revenues if the Obama Library locates in the City of Chicago. We expect that an increase in economic activity due to the Obama Library will result in \$1.6 million more in property tax revenues for governmental entities in the City of Chicago, \$1.2 million more in sales and restaurant tax revenues, and \$1.9 million more in hotel, parking, and rental car tax revenues per year. See “Fiscal Impact” on page 23 for more information.

- 4. We estimate that visitors to the Obama Library will spend \$31 million annually near the site, which would support 41 new restaurants and retail outlets in the neighborhood surrounding the Obama Library. There would also be sufficient demand to construct a new hotel in the vicinity.*

We estimate that visitors to the Obama Library will spend \$14 million annually on food at or near the site and \$17 million annually on retail at or near the site. This kind of annual activity would support 30 new restaurants and 11 new retail outlets in the neighborhood surrounding the Obama Library. The amount of spending in the area will be even higher if people choose to stay in the neighborhood around the Obama Library for a large share of their visit. In addition, even if only one in every ten out-of-town visitors to the library chooses accommoda-

tions near the library, that will result in more-than-adequate demand for construction of a new hotel.

- 5. All sites proposed by the University of Chicago are easily accessible by public transit and car and present a similar opportunity for economic impact; however, the nature of the development that will accompany that economic impact at each site will vary.*

Accessibility is important for realization of economic impact. Visitors are more likely to visit the Obama Library if they have easy access. Similarly, their localized economic impact will be greater if they are presented with opportunities to spend in the vicinity of the library, such as at local restaurants or retailers. Each site proposed by the University of Chicago is within a few blocks of either a Metra station or a CTA train station. Also, all sites are within a mile of either the Dan Ryan expressway or Lake Shore Drive.

The different sites, however, are surrounded by distinctly different landscapes and neighborhoods. The Washington Park site is surrounded, with a few notable exceptions, by empty properties. On the other hand, the South Shore site is surrounded by single-family homes and high-rise apartments, with few visible vacancies. We do not expect that these differences in surroundings will significantly alter the total economic impact of the Obama Library on the city, but we do expect it might alter how much of that impact occurs in the surrounding neighborhood. It also affects the form of development accompanying that impact. For example, at some sites we would see the impact result in new businesses and development moving into the local neighborhood, while at others we would see established restaurants and retailers expand their investment and hiring.

ABOUT ANDERSON ECONOMIC GROUP

Anderson Economic Group, LLC is a research and consulting firm specializing in economics, public policy, finance and business valuation, and market and industry analysis. The firm has offices in Chicago, Illinois, and East Lansing, Michigan. AEG has extensive experience conducting economic and fiscal impact studies for private, public, and non-profit clients across the United States. Past clients include the University of Chicago, the State of Ohio, the Michigan Chamber of Commerce, and many others. For more information, please see “Appendix B. About the Authors” on page B-1 or visit www.AndersonEconomicGroup.com.

ABOUT PRESIDENTIAL LIBRARIES AND MUSEUMS

II. Presidential Libraries, Past and Present

In this section, we discuss some general characteristics of presidential libraries, their history, and recent trends.

Presidential libraries are known as key destinations for travelers who admire or are curious about former presidents. The libraries are attached to or affiliated with museums that house exhibits, displays, and souvenir shops that revisit a president's tenure. A presidential library's primary function, however, is as a repository for historical documents that span a president's life. It is the primary destination for any documents of historical significance related to a president, housing everything from correspondence with family members to confidential White House briefs.

The thirteen presidential libraries currently in operation are listed in Table 1 below. The most recent facility, the George W. Bush Presidential Library, was opened in May 2013.

TABLE 1. Presidential Libraries

<i>President</i>	<i>Location</i>	<i>Year Opened</i>
Franklin D. Roosevelt	Hyde Park, NY	1946
Harry S. Truman	Independence, MO	1957
Herbert Hoover	West Branch, IA	1960
Dwight D. Eisenhower	Abilene, KN	1962
Lyndon Baines Johnson	Austin, TX	1971
John F. Kennedy	Boston, MA	1979
Gerald R. Ford (2 facilities)	Ann Arbor, MI Grand Rapids, MI	1981
Jimmy Carter	Atlanta, GA	1987
Ronald Reagan	Simi Valley, CA	1991
George H.W. Bush	College Station, TX	1997
William J. Clinton	Little Rock, AK	2004
Richard Nixon	Yorba Linda, CA	2007
George W. Bush	Dallas, TX	2013

Source: Wendy R. Ginsberg and Erika K. Lunder, "The Presidential Libraries Act and the Establishment of Presidential Libraries," Congressional Research Service, December 1, 2010, p. 9; presidential library websites

Note: "Year opened" refers to the year in which the federally-operated library first opened. In many cases, an affiliated museum opened prior to the library.

These libraries, which house both presidential archival depositories and museums, are overseen by the Office of Presidential Libraries, part of the National

Archives and Records Administration (NARA), a federal agency. Museum exhibits are designed in consultation with, and often financially supported by, the private foundation affiliated with that presidential library. We describe oversight and ownership of presidential libraries and museums in more detail in “Presidential Library and Museum Structure and Practices” on page 7.

PRESIDENTIAL LIBRARY HISTORY

The first presidential library was built for Franklin D. Roosevelt. The Roosevelt Museum opened while he was still president, on June 30, 1941, and would later become an archive that houses important documents from his presidency. In conjunction with the establishment of the National Archives in 1934, the library was part of Roosevelt’s effort to preserve governmental and related documents for posterity and for easy access by current and future historians and researchers.³

The U.S. Congress did not codify rules and regulations for presidential libraries until the Presidential Libraries Act of 1955. This act gave the Administrator of the General Services Administration (GSA) the following responsibilities:⁴

- Accept and take title to land, buildings, and equipment for the facility housing the “presidential archival depository” (or presidential library);
- Enter into agreements with universities, foundations, institutes, local governments, or state governments to use property (without transfer) for the purpose of a presidential library;
- Accept papers and other historical materials to be housed in the presidential library; and,
- Maintain, operate, and protect the presidential library and its contents.

In other words, the Presidential Library Act established that the GSA administrator would oversee the presidential library system, that any facilities used for a presidential library would be transferred to the GSA, and that the GSA would be responsible for operations and maintenance of the library. In 1984, these duties would be reassigned to NARA through the National Archives and Records Administration Act.⁵

The Presidential Libraries Act made the federal government responsible, through NARA, for the operations and maintenance of presidential libraries. The Presidential Records Act of 1978 would later ensure that all official presi-

3. “One Definite Locality: A Brief History of the FDR Presidential Library & Museum,” Franklin D. Roosevelt Presidential Library and Museum, <http://www.fdrlibrary.marist.edu/library/onedefinitelocality.html>, last accessed October 3, 2013.

4. The summary of the Presidential Libraries Act of 1955 shown here is based on: Wendy R. Ginsberg and Erika K. Lunder, “The Presidential Libraries Act and the Establishment of Presidential Libraries,” Congressional Research Service, December 1, 2010, p. 9.

5. P.L. 98-497, Oct. 19, 1984, 98 Stat. 2280.

dential papers are publicly owned, requiring the transfer of records to the federal government at the end of a president's last term.⁶

Decades after the first Presidential Libraries Act, Congress began to grow concerned with the cost of operating presidential libraries. To lower these costs, Congress passed and President Reagan signed the Presidential Libraries Act of 1986, the only substantial law that has revised the original Presidential Libraries Act.

The Presidential Libraries Act of 1986 put in place fiscal limitations on the construction of presidential library facilities and required that any presidential library placed under the oversight of NARA be accompanied by an endowment fund that could cover at least 20% of the total costs of constructing, maintaining, expanding, and operating the library. This requirement was increased to 40% in 2003 and then to 60% in the Presidential Historical Records Preservation Act of 2008.⁷

PRESIDENTIAL LIBRARY AND MUSEUM STRUCTURE AND PRACTICES

The process of establishing and building a presidential library and museum is often spearheaded by a foundation, a nonprofit organization that raises funds to support the museum and library. In almost all cases, this foundation is dedicated to providing additional financial support to the museum, as well as other functions that are important to the former president and his supporters.

For example, the George Bush Presidential Library Foundation established the George H.W. Bush Presidential Library and Museum, but it also oversees the operations of the Bush School of Government and Public Service at Texas A&M. The Clinton Foundation has an even broader outlook. While the Clinton Foundation funds the operations of the Clinton Presidential Center in Little Rock, it also oversees and funds a broad array of global efforts to combat climate change, poverty, and disease, among other issues, from its offices in Harlem, New York.

Once a foundation has established and built the presidential library and museum, the foundation passes management, ownership, and oversight of the facility to NARA. Foundations often retain some private space in the presidential library to use for foundation offices. In those cases, space and ownership are shared between the two entities. The facility and leasing arrangements of each presidential library differ, depending on negotiations between NARA, the presidential foundation, and partnering organizations, such as an affiliated university.

6. Presidential Records Act (PRA) of 1978, 44 U.S.C. §2201-2207

7. Ginsberg, pp. 12-14.

At some facilities, the foundation that established the museum has its headquarters on site. For the analysis presented in this report, we assume that this will be the case at the Obama Library.

Collaboration with Universities

Many presidential libraries and museums are established on or near the campus of a university. In some cases, such as with both Bush libraries, the foundation establishes a policy institute or a school of public policy that works closely with the library and the university.

As libraries are important destinations for research, they form a mutually beneficial relationship with partnering academic institutions. Scholars—professors, students, and visitors—at partner universities benefit from the resources provided by presidential libraries, and vice versa.

Academic and Community Programs

Presidential libraries and museums almost always serve functions beyond those of archive and museum. Through educational programs, they regularly host lectures, panels, and conferences. The Obama Presidential Library, in addition to providing space for these events, will likely provide a community space where residents can host accessible functions for the local community.

By hosting conferences and other academic programs, presidential libraries bring in more visitors to the city. As we describe in “Visitor Spending” on page 19, the more visitors that a library can attract, the greater its economic impact.

RECENT PRESIDENTIAL LIBRARIES AND MUSEUMS

Located at thirteen different sites throughout the continental United States, each presidential library has unique attributes and attracts visitors from across the country and the world. We present details on four of the most recent presidential libraries below.

George W. Bush Presidential Library and Museum

The George W. Bush Presidential Library and Museum is the most recently established presidential library. It is located on the campus of Southern Methodist University in Dallas, Texas. It was established by the George W. Bush Foundation in partnership with Southern Methodist University. Along with the archives and museum, the site contains the George W. Bush Policy Institute. The five living Presidents were all present at the dedication of the Presidential Center in April 2013. Since opening its doors in May 2013 through January 2014, the George W. Bush Presidential Library and Museum had 330,000 visitors. The foundation projects an annual total of 440,000 visitors for the library’s first full year.

William J. Clinton Presidential Library and Museum

The William J. Clinton Presidential Library and Museum is located in Little Rock, Arkansas. It is operated by the Clinton Foundation, in partnership with the University of Arkansas, and is adjacent to the University of Arkansas Clinton School of Public Service. These components together make up the Clinton Presidential Center, which some have credited with the revitalization of the River Market District in Little Rock by bringing in economic activity to the area.⁸ In 2012, there were 82 researcher visits, 186,804 attendees to public programs, and 312,396 visitors to the museum and exhibits.

George H.W. Bush Presidential Library and Museum

The George H.W. Bush Presidential Library and Museum is located on the campus of Texas A&M University in College Station, Texas. The library was established by the George Bush Presidential Library Foundation, which partners with Texas A&M University to oversee the Bush School of Government and Public Service. The library and museum are immediately adjacent to the Bush School, as well as the Annenberg Presidential Center, which hosts conferences, workshops, receptions, lectures, and banquets. In 2012, the library and museum had 687 researcher visits, 124,286 attendees for public programs, and 116,770 visitors to the museum and exhibits.

Ronald Reagan Presidential Foundation and Library

The Ronald Reagan Presidential Foundation and Library is located in Simi Valley, California. The library was constructed by the Ronald Reagan Presidential Foundation. It includes the archive, museum, a burial site, a center for public affairs, and the Air Force One pavilion. The Air Force One pavilion, which was dedicated in 2005, holds the plane that was in operation as Air Force One between 1973 and 2001, serving seven presidents. In 2012, the library hosted 798 researchers, 40,380 visitors for public programs, and 380,570 visits to the museum and exhibits.⁹

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8. Sharon Priest, the Executive Director of the Downtown Little Rock partnership credits the Clinton Library with bringing new condominiums and other economic activity to Little Rock. “The Clinton Library Changed Little Rock; Will The Bush Center Do The Same For Dallas?” keranews.org. April, 2013. <http://keranews.org/post/clinton-library-changed-little-rock-will-bush-center-do-same-dallas>
 9. Visitation numbers are from the NARA Performance and Accountability Report for Fiscal Year 2012. They do not imply unique visitor numbers, as one person may visit the libraries more than once annually.

III. Suggested Sites for the Barack Obama Presidential Library and Museum

The University of Chicago proposes that the Obama Library be built at one of three suggested sites on the South Side of Chicago, in neighborhoods near the University. In this section, we first discuss how a site and its surroundings can affect an institution's economic impact. Then, we discuss each of the suggested sites, their surroundings, and implications for the economic impact of a presidential library.

In the next chapter, we quantify the economic impact of locating a presidential library at these sites.

WHY LOCATION MATTERS

The economic impact of a presidential library and museum (or any facility) occurs when there is spending in a given region that would not have happened without the presence of that presidential library and museum. This spending can take on many forms—wages and salaries for employees of the presidential library, museum, and gift shop; payments to vendors in the region, such as contractors, office supply companies, and accountants; and spending by tourists and other visitors at the museum and at nearby amenities.

Depending on the nature and location of this spending, the size of the impact can vary and it can take different forms. The size of the impact will be larger if the museum is located in an accessible region and a region where local vendors are likely to be part of a local supply chain, which will result in secondary effects that impact the region.

In addition, the nature of the impact will be different if there are already local business establishments that would accommodate visitor and employee spending near the facility than if there are not. If there are already retail clothing stores, souvenir shops, and restaurants near the proposed location of the presidential library, we would expect already-established businesses to capture much of the increase in spending and expand. However, if a presidential library is located in an area where these businesses are not already established, we would expect to see new investments in the area, as businesses build and relocate to capture much of the spending by tourists and employees near the presidential library.

THE THREE PROPOSED SITES

The University of Chicago has proposed three different locations for the Obama Library—Washington Park, Woodlawn-Jackson Park, and South Shore. In this section, we discuss these sites and the areas surrounding them. We particularly focus on their accessibility and the nature of surrounding businesses and properties. We summarize these characteristics in Table 2 on page 15.

Concerning accessibility, the City of Chicago will need to make investments in surrounding infrastructure and transportation in order to accommodate the Obama Library at each of these three locations. For example, if the Obama Library is built in Washington Park, it would be fitting for the City to renovate the Garfield green line stop and make significant improvements to Garfield Boulevard near the library.

Washington Park

The proposed Washington Park location extends from 51st Street south to Garfield Boulevard and from the western side of Ellsworth Drive in Washington Park to the CTA green line Garfield stop, crossing Martin Luther King Boulevard. Of all the sites, this one would be the most accessible, as it would be connected to a CTA train and bus hub.

The area surrounding this site has the least development among those proposed. The site is adjacent to Garfield Boulevard, which consists of two three-lane roads separated by a broad green boulevard, with access to the Dan Ryan Expressway less than a mile away. There are many vacancies along this stretch of road near the proposed site, and nearby buildings and public areas have suffered from poor upkeep. Martin Luther King Boulevard, which runs along Washington Park at the proposed site, is a three-lane, two-way street that is similarly riddled with vacant lots.

Within a half-mile radius of the location, we estimate that there are 142 businesses representing \$112 million in annual sales and 1,400 employees. Nearly half of these sales (\$49 million), but only 100 of the employees, are in retail. 420 of the employees work at public schools, 236 employees work in health care and social assistance, and 119 employees work in food services. Significant landmarks nearby include the Provident Hospital of Cook County, the DuSable Museum of African American History, the George Washington Memorial, and the University of Chicago's Arts Incubator. (See Map 1 on page 16, showing the area that falls within a half-mile and one-mile radius from this location.)

There are no hotels or other form of accommodations within one mile of this location. In addition, the retail, recreation, and food services industries are all comparably small in the area.

Given the influx of new demand that would occur if the Obama Library were built at this location and the affordability of local properties, we would expect to see a significant amount of development occur near this site if the presidential library were to locate here. We expect that the City of Chicago would make infrastructure improvements near the Obama Library, as well, which are sorely needed in this area. Of all the proposed sites, this one would most amenably accommodate *new* businesses and investment that might come in to the area due to the presence of a presidential library.

That said, there are few businesses there currently that would be able to benefit from the new economic impact brought by a presidential library, making it difficult to predict the extent of development that would occur. If a cluster of development containing accommodations, retail, restaurants, and entertainment fails to materialize on this site, visitors to the museum will spend much of their time in other parts of the city, and less of the impact will occur in the neighborhood surrounding the site.

Woodlawn-Jackson Park

Another proposed site for the Obama Library near the University of Chicago is the western edge of Jackson Park. The site would extend from 60th to 63rd Streets between Cornell Avenue and Stony Island Avenue.

The site is between two stops on the Metra Electric line, the 59th Street and the 63rd Street stops. This is somewhat less convenient in terms of public transit than the Washington Park's proximity to the CTA stop, because the Metra lines and CTA lines do not overlap and run on different ticket systems. However, the Metra line begins near Millennium Park, which is a prime tourist destination and easily accessible from most parts of the city. The Woodlawn-Jackson Park site is also accessible by two major roadways: Lake Shore Drive, which is a commonly-used and easy-to-navigate route that runs along Lake Michigan from the north side of the city, and the Chicago Skyway, which connects the Dan Ryan Expressway to the Indiana Tollway.

The site is surrounded mainly by other parts of Jackson Park. The only exception is the other side of Stony Island Avenue, where there are currently a large number of townhomes, Hyde Park High School, the South Side YMCA, a high-rise apartment building, some low-rise apartments, and a few vacant lots.

Woodlawn has more businesses nearby than the Washington Park site, but fewer in industries that are relevant to a tourism destination like a presidential library. Of the 1,900 employees working within a half-mile radius, 480 work in educational services and 750 work in health care and social assistance. There are only 25 employees in retail trade and 52 employees in food services, working in a total of 7 different businesses. There are no accommodations within a half-mile of this location, but there are two hotels within a mile. Significant landmarks nearby include the Museum of Science and Industry, the University of Chicago, South Side YMCA, La Rabida Children's Hospital, and Osaka Garden. (See Map 1 on page 16, showing the area that falls within a half-mile and one-mile radius from this location.)

There is not a current base of industry in place that would serve the demand of visitors to Jackson Park within half a mile of the proposed location. There is some room for growth, but a lot of the nearby land is taken up by public parks or large institutions and developments. We would expect to see development in the

area similar to what might occur near Washington Park to meet more local demand from tourism, but this would be somewhat more constrained since there is already a lot of residential and publicly-owned property in the region.

The 63rd Street corridor west of Jackson Park was at one point a vibrant commercial area that is now riddled with vacancies and was recently re-zoned to residential.¹⁰ If the Obama Library were to locate at the Woodlawn-Jackson Park site, the 63rd Street corridor could be the prime destination for nearby development. Also, the University of Chicago owns some nearby plots of land that currently house student dorms, green space, and parking lots. This could allow the University to play a significant role in encouraging development at this site, resulting in a more localized economic impact from visitors to the Obama Library.

South Shore

The final proposed site is at the site of the South Shore Cultural Center, a large plot of land that serves as the home for the expansive Cultural Center, a golf course, a beach, and a nature sanctuary. The South Shore Cultural Center is a historic public building that currently acts as a community center. The plans for this location would leave the Cultural Center in place, enhance the grounds, and re-design the golf course. The Obama Library would be located on the northwest corner of the park site, adjacent to the lake.

The site is bordered by Lake Michigan to the east, South Shore Drive to the west, 67th Street to the north, and 71st Street to the south. This area is more developed than the Washington Park site. Though a large share of that development is residential, the size of the business community is about twice that near Washington Park.

This site is about a block away from the South Shore Metra stop. This is somewhat less convenient in terms of public transit than the Washington Park's proximity to the CTA stop, because the Metra lines and CTA lines do not overlap and run on different ticket systems. However, the Metra line begins near Millennium Park, which is a prime tourist destination and easily accessible from most parts of the city. This site is also accessible by two major roadways: Lake Shore Drive, which is a commonly-used and easy-to-navigate route that runs along Lake Michigan from the north side of the city, and the Chicago Skyway, which connects the Dan Ryan Expressway to the Indiana Tollway.

10. Jeanette Almada, "Mixed-use zoning aimed at business-strip renewal," Chicago Tribune, May 19, 2002, http://articles.chicagotribune.com/2002-05-19/business/0205180220_1_mixed-use-zoning-commercial-space-districts, accessed on March 19, 2014.

South Shore Drive, the western border of the site, is lined almost exclusively by high-rise apartment complexes. 71st Street, the southern border of the site, is home to an outpatient senior center, a school, and some large apartment complexes. An area southwest of the site is occupied mainly by single-family homes. There are not any significant vacancies nearby.

Within a half-mile radius of the location, we estimate that there are 327 businesses representing \$274 million in annual sales and 2,400 employees. Almost \$100 million of these sales, and 449 employees, are in retail. 289 employees work in educational services, representing both public and private schools. In addition, 558 employees work in health care and social assistance, and 164 employees work in food services. There are 24 food services businesses within a half-mile radius of the site. Significant landmarks nearby include Rainbow Park and Beach, La Rabida Children's Hospital, and the South Shore Cultural Center. (See Map 1 on page 16, showing the area that falls within a half-mile radius from this location.)

There are no hotels or other form of accommodations currently in place within one mile of this location. On the other hand, there is a medium-sized retail industry and a somewhat smaller food industry on 71st Street.

Given the influx of new demand, we might start to see some new development occur near this site if the presidential library were to locate here. The corridor of 71st Street that extends about a mile west of South Shore Drive could serve as a prime location for this development. Unlike at the other two sites, this development would appear largely as re-development of residential or commercial areas into a form that could more aptly serve visitors of the Obama Library.

Beneficiaries of this re-development would include business owners and homeowners in the area, as well as the local construction industry. We expect that the retail and food industries that have already set up business in this area would gain from the presence of a presidential library, as they would see an influx of customers.

Suggested Sites for the Barack Obama Presidential Library and Museum

TABLE 2. Select Characteristics of Proposed Sites for a Barack Obama Presidential Library

Site	<u>ACCESS</u>		<u>SURROUNDINGS</u>			
	by Car	by Public Transit	Vacancies	Establishments	Employees	Retail & Food Svcs within Half Mile
Washington Park	Dan Ryan Expressway	CTA Green Line	Many	26	225	Cook County Provident Hospital, George Washington Memorial, DuSable Museum, Arts Incubator
South Shore	Lake Shore Drive, Chicago Skyway	Metra Electric District	None	75	613	Rainbow Park, La Rabida Children's Hospital, South Shore Cultural Center
Jackson Park	Lake Shore Drive, Chicago Skyway	Metra Electric District	A few	7	77	Museum of Science and Industry, South Side YMCA, La Rabida Children's Hospital, Osaka Garden

Source: Google Maps; ESRI, Inc.

Analysis: Anderson Economic Group, LLC

MAP 1. Proposed Locations for Obama Presidential Library, Area Within Half-Mile Radius

IV. The Economic Impact of the Barack Obama Presidential Library and Museum

In this section, we discuss the impact the Obama Library would have if it were built and operated at an accessible location in the Chicago area. This citywide economic impact is generally applicable to any of the three sites described in “Suggested Sites for the Barack Obama Presidential Library and Museum” on page 10. In that section, we qualitatively discuss the possible differences in economic impact by site.

For this report, we consider the impact of only the Obama Library itself on the City of Chicago. It is possible that other private development or infrastructure improvements that complement the Obama Library would result in an even greater and more localized economic impact. Though such further development is possible, we do not speculate as to its scale and do not consider its impact in this report.

ECONOMIC IMPACT DEFINED

We define net economic impact as the net new activity that would occur in a region directly and indirectly due to the presence of the Obama Library. We consider only the economic activity that occurs in the region exclusively because of the establishment of the Obama Library, and do not count activity that would happen even without the Obama Library. We carefully estimate which portion of expenditures would be net new in Chicago from the following sources:

- Spending on construction;
- Spending on payroll for employees of the Obama Library and Foundation;
- Spending on operations and maintenance of the Obama Library; and
- Spending in Chicago by visitors to the Obama Library.

Economic activity from this spending would have direct impacts. Additionally, as those that benefit from this new spending increase their own spending in turn, it would circulate throughout the region, creating additional, indirect impacts. We measure direct and indirect impacts on output (total spending), jobs, and earnings. See “Appendix A. Methodology” on page A-1 for more details on our methodology.

PROJECTED SPENDING

We summarize the projected spending by major category in Table 3 below.

TABLE 3. Projected Spending Associated with the Obama Library

Category of Spending	Projected Spending	Time Period
Construction	\$380 million	Multiple years
Library Operations: Payroll	\$4.2 million	Annual
Library Operations: Non-payroll	\$3.3 million	Annual
Visitor Spending	\$219 million	Annual

*Source: NARA, George Bush Presidential Library Foundation 990 forms,
AEG Estimates*

Analysis: Anderson Economic Group, LLC

See “Appendix A. Methodology” on page A-1 for details on our estimations and analysis.

Spending on Construction

We estimate that total spending on construction for the Obama Library would be approximately \$380 million, with a portion of that going to fees for professional services, such as architects and accountants, and the rest to construction contractors.

Spending on Operations and Maintenance

Each year, presidential libraries and museums spend money in their local economies to support operations and maintain facilities. This spending includes payroll and non-payroll expenses.

Payroll Expenses. Presidential libraries employ federal workers. Employees of the presidential foundation also work on-site. Both types of workers are likely to live in or near the city where the library is located. They spend their earnings on goods and services in the area, resulting in local economic activity. We estimate that the annual payroll expenses for employees at the Obama Library and the local employees of the Foundation, including salaries, wages, and benefits, will be \$4.2 million per year. See “Appendix A. Methodology” on page A-1 for our assumptions.

Non-payroll Expenses. Presidential libraries spend money at vendors in the region for equipment purchases and rentals, events and conferences, grants and scholarships for local organizations, advertising and promotion, and more. This spending directly contributes to the local economy. As local vendors to the Obama Library pay their workers and make purchases at local suppliers, this spending by the Obama Library indirectly creates jobs and earnings for local residents in industries across Chicago. We estimate that annual non-payroll expenses by the library and foundation will be \$3.3 million annually.

Visitor Spending

The Obama Library will attract hundreds of thousands of visitors each year, many of them from outside of Chicago. While visitors from Chicago spend less to get to the Obama Library, they still spend money on transportation, food, retail, and other local attractions. Out-of-town visitors spend additional money on hotels, rental cars, parking, and food and retail in Chicago throughout their stays.

We estimate that 800,000 visitors will come to the Obama Library each year. Of these visitors, we estimate that 350,000 will be from outside the Chicagoland area. In total, all library visitors will spend an estimated \$219 million annually related to their visits to the Obama Library. We only include a portion of this spending when estimating net economic impact because many of these visitors would have come to Chicago anyway to visit family, tour the city, or visit other cultural institutions. We discuss this further in the “Economic Impact” section below.

Visitor Spending in the Local Neighborhood. We estimate that visitors to the Obama Library will spend \$14 million annually on food at or near the site and \$17 million annually on retail at or near the site. Using the average sales for nearby businesses, we estimate that this kind of annual activity would support over 11 new retail outlets and 30 new restaurants in the neighborhood near the Obama Library. These estimates represent the minimum amount of additional spending in the area we would expect, assuming visitors only stay in the neighborhood around the Obama Library briefly during their visit. The amount of spending in the area will be even higher if people choose to stay in the neighborhood around the Obama Library for a large share of their visit.

We estimate that visitors to the library will spend \$56 million on hotel accommodations in Chicago. While many of these visitors will choose to stay elsewhere in the city, some of them will want to stay near the Obama Library. Even if only one in every ten out-of-town visitors to the library chooses accommodations near the library, that will result in more-than-adequate demand for construction of a new hotel. (As we mention in “The Three Proposed Sites” on page 10, none of the sites currently have hotels within a half-mile radius, and only one site—Woodlawn-Jackson Park—has accommodations within a one-mile radius.)

ECONOMIC IMPACT

In this section, we provide our estimates for the net economic impact of construction, operations, and visitor spending due to the Obama Library in the City of Chicago. These three categories correspond to each of the spending categories listed above. See “Appendix A. Methodology” on page A-1 for further details of our estimation methods.

Construction

It is unlikely that other large projects would be built at the sites in question, and the funding for construction would not occur in Chicago if not for the Obama Library being built. Therefore, we consider most of the spending and jobs created by construction spending as *net new* spending for the City of Chicago. We estimate that the construction of the Obama Library would generate an additional \$606 million in output, \$156 million in new earnings, and 3,280 new jobs in Chicago, as shown in Table 4 below. See Table A-1 on page A-9 for further details.

TABLE 4. Net Economic Impact of the Construction of the Obama Library in Chicago (in millions)

	Direct	Indirect	Total
Output	\$310.7	\$295.4	\$606.0
Earnings	\$0	\$156.1	\$156.1
Employment	0	3,280	3,280

Source: NARA, BEA RIMS II Multipliers, AEG Estimates

Analysis: Anderson Economic Group, LLC

This economic impact would occur over several years, throughout the construction phase of the Obama Library.

Operations and Maintenance

As mentioned in “Projected Spending” on page 18, we estimate that the Obama Library and the accompanying foundation would annually spend \$7.5 million for the operations and maintenance of the facility, which includes payroll and non-payroll spending. In order to estimate the net economic impact of this spending, we estimated the proportion of spending that would go to vendors and employees in Chicago, and, of that spending, what portion would occur exclusively due to the presence of the Obama Library.

After accounting for these factors, we estimate that annual operations and maintenance of the Obama Library would result in \$9.2 million in annual net new economic activity and 100 new jobs for the region. See Table 5 on page 21 for a breakdown of the direct and indirect effects for output, earnings, and income in Chicago.

TABLE 5. Annual Net Economic Impact of the Operations of the Obama Library in Chicago (in millions)

	Direct	Indirect	Total
Output	\$5.7	\$3.4	\$9.2
Earnings	\$3.5	\$2.3	\$5.8
Employment	43	58	100

Source: NARA, George Bush Presidential Library Foundation 990 forms, BEA RIMS II Multipliers, AEG Estimates

Analysis: Anderson Economic Group, LLC

Note: Net new spending on payroll is included in direct output as well as direct earnings. Numbers do not sum to total due to rounding.

Table A-1 on page A-9 has more details.

Visitor Spending

The Obama Library would attract visitors from the local Chicago area, as well as visitors from out of town. Both types of visitors would spend money in Chicago during their visits to the Obama Library. In order to estimate the net economic impact of this visitor spending, we account for only the proportion of spending in Chicago that would not occur without the Obama Library.

Visitors from out of town would bring in new expenditures to Chicago, but some of those visitors may come to Chicago even without the presence of the Obama Library. Similarly, local residents visiting the Obama Library may spend some amount of money on other recreational activities if not for the Obama Library, such as at other museums or the zoo. Therefore, only some local visitor spending is included in our economic impact analysis. See “Appendix A. Methodology” on page A-1 for details on our estimation methods.

Economic Impact of a Golf Course

If the Obama Library is located at either the Woodlawn-Jackson Park site or the South Shore site, early plans include the re-development and improvement of a golf course near the site. While the plans are too non-specific at this point to accurately estimate the ongoing economic impact of the course, an improved golf course would undoubtedly result in a significant economic boost to the area, particularly if the site is able to host globally competitive tournaments.

Recent economic impact studies of major tournaments estimate a range of economic impacts, depending on the level of tournament and location. Researchers at the University of Minnesota found that the 3M Championship Golf Tournament in Minneapolis-St. Paul had an economic impact of approximately \$20 million.¹¹ The 2013 PGA Championship in Rochester, New York, boasted an economic impact of \$100 million, according to Greater Rochester Enterprise.¹² Similarly, the PLAYERS Championship Golf Tournament, which takes place in Ponte Vedra Beach, Florida, each year, was estimated to have a local economic impact of \$96 million in 2005.¹³ While these last two reports have some methodological flaws, evidence suggests that a major golf tournament in Chicago could result in a one-time economic impact on the scale of tens of millions of dollars.

11. Brigid Tuck and David Nelson, “Economic Impact of the 3M Championship Golf Tournament, 2010,” University of Minnesota Extension Center for Community Vitality, March 2011.

12. “GRE Estimates \$102.1 Million Impact from 2013 PGA Championship,” Greater Rochester Enterprise, October 2013.

We estimate that, of the \$219 million in spending by 800,000 visitors to the Obama Library on hotels, food, retail, transportation, parking, and other local attractions, \$110 million would not occur in Chicago without the Obama Library. The total impact of this spending is \$213 million in annual output, \$54 million in annual earnings, and 1,874 local jobs in the City of Chicago, as shown in Table 6 below. We estimate that 95% of this economic activity is caused by spending from out-of-town visitors to the Library. See Table A-2 on page A-10 for a detailed breakdown of visitor spending and its economic impact in Chicago.

TABLE 6. Annual Net Economic Impact of Visitor Spending due to the Obama Library in Chicago (in millions)

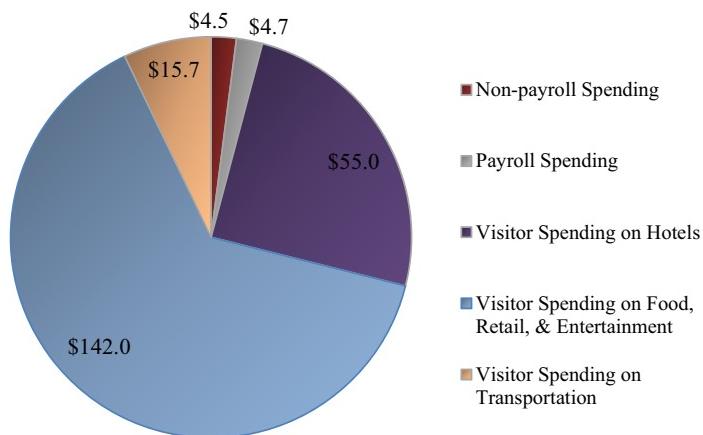
	Direct	Indirect	Total
Output	\$109.5	\$103.2	\$212.7
Earnings	\$0	\$53.9	\$53.9
Employment	0	1,874	1,874

*Source: NARA, BEA RIMS II Multipliers, AEG Estimates
Analysis: Anderson Economic Group, LLC*

Total Economic Impact

The impact of construction shown in Table 4 on page 20 would likely be a one-time impact and occur over the course of several years. On the other hand, the economic impact of the Obama Library operations and visitor spending are estimated on an annual basis and would annually result in an additional \$222 million in output, \$60 million in earnings, and 1,974 jobs in Chicago. Figure 1 on page 23 shows the proportion of economic impact from payroll, non-payroll, and visitor spending.

FIGURE 1. Annual Net Economic Impact of the Obama Library in Chicago, by Source of Impact (in millions)



Source: NARA, George Bush Presidential Library Foundation 990 forms,
BEA RIMS II Multipliers, AEG Estimates
Analysis: Anderson Economic Group, LLC

The annual combined impact for output, jobs, and income of the Obama Library operations and visitor spending is shown in Table 7 below.

TABLE 7. Annual Net Economic Impact of the Obama Library Operations and Visitor Spending in Chicago (in millions)

	Direct	Indirect	Total
Output	\$115.3	\$106.6	\$221.9
Earnings	\$3.5	\$56.2	\$59.7
Employment	43	1,931	1,974

Source: NARA, George Bush Presidential Library Foundation 990 forms, BEA RIMS II Multipliers, AEG Estimates
Analysis: Anderson Economic Group, LLC

FISCAL IMPACT

The increase in economic activity caused by the Obama Library would also result in new tax revenues for the City of Chicago, Cook County, and the State of Illinois. In this report, we analyze the net new tax revenues that would be caused by the presence of the Obama Library for local governments in Chicago, taking into account the following taxes:¹¹

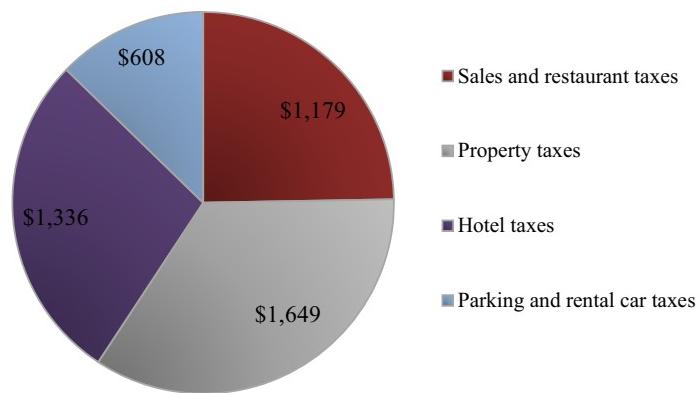
- Property taxes;
- Sales and restaurant taxes;

11. We include taxes collected by the City of Chicago, the Chicago Library Fund, the Chicago Board of Education, the Chicago Park District, and Chicago Public Schools, among other municipal entities.

- Hotel taxes;
- Parking taxes; and,
- Rental car taxes.

For each of these tax categories, we estimate new tax revenues for City of Chicago local governments caused by net new spending generated by museum operations and visitors. We estimate that the total fiscal impact caused by the Obama Library in Chicago would be \$4.8 million annually, most of which is attributable to additional tax revenues from spending by visitors to the city. Figure 2 on page 24 details the annual fiscal impact.

FIGURE 2. Annual Fiscal Impact of the Obama Library in Chicago (in thousands)



Source: Cook County Clerk; The Tax Foundation; ESRI, Inc.; BEA RIMS II Multipliers; Consumer Expenditure Survey; AEG Estimates

Table 8 below details the tax revenues for various taxes in Chicago. The direct impact in the table refers to taxes collected from direct spending by Obama Library employees and visitors. The indirect impact refers to taxes collected as a result of indirect economic activity spurred by the operations of the Obama Library and by visitor spending. “Appendix A. Methodology” on page A-1 details our methodology and assumptions.

TABLE 8. Net New Tax Revenues (in thousands)

Tax	Direct Impact	Indirect Impact	Total Impact
Property taxes	\$88.5	\$1,560.3	\$1,648.8
Sales & restaurant taxes	\$19.9	\$1,159.4	\$1,179.3
Hotel & transportation taxes	<u>\$1,943.1</u>	<u>\$0</u>	\$1,943.1
TOTAL	\$2,051.5	\$2,719.7	\$4,771.2

*Source: Cook County Clerk; The Tax Foundation; ESRI, Inc.; BEA RIMS II Multipliers; Consumer Expenditure Survey; AEG Estimates
Analysis: Anderson Economic Group, LLC*

Appendix A. Methodology

ECONOMIC IMPACT ANALYSIS

Since the Obama Library has yet to be built, we relied on the construction and operating costs of other presidential libraries to inform our assumptions about the inputs for our economic impact analysis. We looked primarily at the most recent libraries built, including the Ronald Reagan Presidential Library and Museum, the George Bush Presidential Library and Museum, the William J. Clinton Presidential Library and Museum, and the George W. Bush Presidential Library and Museum.

Construction

Initial construction costs for the federally-operated portions of other presidential libraries range from nearly \$6 million for the Franklin Delano Roosevelt Presidential Library to \$66 million for the Ronald Reagan Presidential Library (not adjusted for inflation). The costs of construction for the rest of the library and museum spaces is not paid for by the federal government, and also varies, though this data is not publicly available in most cases.¹²

We obtained data on construction spending for recent presidential libraries that included total construction costs, not merely those for NARA. We consulted with facilities services at the University of Chicago, and they provided a per-square-foot estimate of costs based on data for the construction of other presidential libraries and museums, specific anticipated characteristics of the Obama Library, and the Chicago construction market.

We used the lower end of their estimate range—\$1,100 per square foot for the cost of construction and an additional \$800 per square foot for professional services. Since all designs we considered had a footprint of approximately 200,000 square feet, the resulting total cost for construction using these estimates would be \$220,000. The total project cost, after including accompanying professional services, would be \$380,000.

We assumed that 60% of expenditures for professional services would be in Chicago, since some architects and lawyers would be hired from outside Chicago. We assumed that the majority of construction spending would be net new in Chicago for two reasons:

1. Almost all funds would be specifically designated to build the library, so would not otherwise be spent in Chicago; and,
2. The location for construction would likely not be used for another purpose in the near future.

12. Construction information on the federally-operated portions of presidential libraries is supplied by NARA.

Library payroll expenses

We obtained data on the number of employees and general schedule pay grades for federal employees at the most recently-opened presidential libraries, and assumed that the Obama Library would have roughly the same amount of employees as the Clinton Presidential Library. We also obtained salary data from the 990 forms of each foundation responsible for operating the non-federal portions of the libraries and museums.

Many of these foundations oversee initiatives beyond presidential libraries, and library operational expenditures are generally not separately presented. That made it difficult to identify a good estimate of spending by foundations on presidential library and museum operations alone, separate from other activities. Because of this difficulty, we relied on the George Bush Presidential Library Foundation to inform our estimates for non-federal expenses. Since the primary initiative of the George Bush Presidential Library Foundation is the operation of the Bush Presidential Library and Museum, we could be confident that almost all expenses in the foundation's financial statements correspond to library operations and overall administration of the foundation, the components we sought to include in our analysis for the Obama Library.

We also accounted for the fact that some of the compensation listed on the forms is for board members who may not live in the area of the Library, and did not include that portion of wages in our analysis. We assumed that benefits were equal to 15% of wages.¹³ Finally, we added a 20% factor to payroll costs since the cost of living in Chicago is approximately 20% higher than the cost of living in College Station.¹⁴

We assumed that 85% of employees would live in the City of Chicago, accounting for the fact that some workers may live in nearby suburbs and commute to the Obama Library. Beyond that, we assumed that nearly all (97%) of the payroll expenses for these employees would be net new to Chicago for two reasons:

1. The spending on these employees would not happen without the Obama Library; and,
2. A job at the Obama Library likely would not result in fewer people being hired elsewhere in Chicago.

13. The information on the 990 forms includes functional line items for "compensation of current officers, directors, trustees, and key employees," as well as "other salaries and wages." We only used a portion of the compensation and salaries to account for those that may not live near the library, and then assumed benefits would be equal to 15% of those amounts. We also added in a portion of "contract labor" that was included in the "other expenses" portion of the 990 form.

14. Council for Community and Economic Research (C2ER), Cost of Living Index, 2013.

Library non-payroll expenses

For the same reasons described in the previous section, we used data from the George Bush Presidential Library Foundation to inform our estimates for the non-payroll expenses of the Library. We assumed that 90% of the Foundation's spending was related to the library and other on-site activities. We assumed that the Obama Library would have costs that are 20% higher than those of the Bush Foundation, since we expect the operations to be more extensive and the costs of goods and services in Chicago are higher.

The proportion of spending that stays in Chicago as well as the amount of spending that is net new varies by category of spending. We assume, however, that most of the spending for operations would be in the Chicago area, and that spending is mostly new since it likely would not be crowding out spending from other sources. Our estimates as to what proportion of spending is net new locally can be found in Table A-1 on page A-9.

Visitor Spending

We estimated visitor spending for local and out-of-town visitors separately. We based our estimates on previous analyses from tourism studies, as well as a survey of prices in Chicago for food, retail, and hotels. Our estimates for *daily per-visitor* spending are as follows:

TABLE 9. Daily Spending per Visitor at the Barack Obama Presidential Library

	Local Visitors	Out-of-town Visitors
Hotel	\$0	\$80
Food on-site	\$12	\$12
Food off-site	\$0	\$65
Retail on-site	\$15	\$15
Retail off-site	\$0	\$50
Local museums and entertainment	\$20	\$40
Public transit	\$5	\$5
Parking	\$0	\$5
Rental cars	\$0	\$30 ^a

Source: AEG Estimates

a. For our economic impact analysis, we assume that 25% of out-of-town visitors rent cars.

To estimate the net economic impact of visitor spending, we estimated the following:

- Number of visitors;

-
- Share of those visitors that are only spending money in Chicago because of the Obama Library; and,
 - Average length of stay for out-of-town visitors.

Visitors to the Obama Library. To estimate visitation to the Obama Library, we looked at the visitation numbers for other presidential libraries and for museums in Chicago. The Reagan Library and Museum, for example, had more than 420,000 visitors in 2012. Though 90% of those visitors are from California, they are mostly from outside of the Simi Valley area, which only has 126,000 residents.¹⁵ The new Bush Library in Dallas predicts visitation for their first year of operation will be 440,000, though we were unable to obtain a breakdown for out-of-town visitors.

Chicago has a much higher population than cities in which other presidential libraries are located. In addition, attendance at Chicago museums is very high, totaling over 14 million in 2010 and over 1.4 million at the Museum of Science and Industry alone. (The Museum of Science and Industry is adjacent to the proposed Woodlawn-Jackson Park site.) That said, we found little correlation between general museum attendance and attendance at presidential libraries in other cities.

There are about 380,000 visitors to the Reagan Library from California each year. Other presidential libraries have local visitor numbers that range from 200,000 to 300,000. The Bush Library in Dallas will likely have a total closer to that for the Reagan Library, though they do not have visitor numbers by origin at this time. We estimated that, given the size of metro-area Chicago, about 450,000 residents would go to the Obama Library from the area.¹⁶

Since those who attend the Reagan Library from outside the state are likely going to the area only to visit the Reagan Library, we decided that the number of visitors from outside the state (nearly 50,000) to the Reagan Library would be a good starting point to estimate how many visitors might attend the Obama Library from outside the Chicago area *who would not have otherwise visited Chicago*. Since Chicago has so many other amenities and the Obama Library is more accessible, it is considerably more appealing and accessible than the Reagan Library location. Therefore, we estimate that a little over double this amount, or 110,000 visitors, would come to Chicago to visit the Obama Library that would not have visited otherwise due to accessibility and amenities alone.

15. Data on visitor residences is collected via survey from the Ronald Reagan Presidential Foundation and Library. Population data is based on the 2012 American Community Survey.

16. When we consider “out-of-town” visitors, we do not include those traveling from nearby towns in the Chicagoland area, since these visitors are not likely to spend money on hotels, rental cars, etc. We treat visitors from the Chicago metropolitan area as local visitors in the analysis.

In addition, the Barack Obama Presidential Library and Museum, due to the historical significance of Obama's presidency, will be a tourist attraction for reasons that other presidential libraries cannot claim. To estimate the extent to which people will attend the library due to President Obama's status as the first African American president, we looked at attendance at other museums and historic sites with a focus on the country's civil rights and African American history.

We found that, of the 700,000 annual visitors to the Martin Luther King historic site in Atlanta, an estimated 200,000 are out-of-town visitors who came to Atlanta with the primary intent of visiting the Martin Luther King historic site.¹⁷ The National Civil Rights Museum in Memphis gets about 200,000 visitors, 150,000 of which are from out of town. We estimate that approximately 50,000 of these visitors are visiting Memphis for the primary intent of visiting the museum.¹⁸

We assume that the number of visitors who come to Chicago in excess of those already mentioned above for the historical significance of Obama's presidency will be in this range, but closer to that of the National Civil Rights Museum. We estimate that an additional 75,000 visitors will attend the Obama Library each year from outside of Chicago due to the historical significance of Obama's presidency, and the likely emphasis on that significance in library exhibits.

Chicago is an attractive tourist destination, so many visitors to the city for other reasons will visit the Obama Library. That said, in part because no libraries are located in a city like Chicago, other presidential libraries tend to have very few visitors from outside their city who did not travel with the sole intent of visiting the library. Taking these factors into account, we estimate that just under half of the out-of-town visitors would be in Chicago even without the presence of the Obama Library.

17. This information is based on correspondence with staff at the Martin Luther King historic site in Atlanta, as well as the following report:

Chris Wall, "Martin Luther King, Jr. National Historic Site Visitor Study, Spring 1997," Report 95, Visitor Services Project, Cooperative Park Studies Unit, University of Idaho, December 1997.

18. This information is based on correspondence with staff at the National Civil Rights Museum.

Our estimate for number of visitors is summarized in Table 10 below.

TABLE 10. Estimated Annual Number of Visitors to Obama Presidential Library

Category of Visitor	Number of Visits
From Chicago Metropolitan Area	450,000
From Outside Chicago Metropolitan Area	350,000
Would Come to Chicago Even Without Obama Library	185,000
Would Not Come to Chicago Without Obama Library	165,000
TOTAL	800,000

*Source: Ronald Reagan Presidential Library, George W. Bush Presidential Library, NARA, AEG Estimates
Analysis: Anderson Economic Group, LLC*

We assume that the average length of stay for out-of-town visitors is two days.

Spending by Chicago Residents. Only a portion of the spending by local Chicagoans near the Obama Library would be net new in Chicago (e.g. would not occur in Chicago without the Obama Library). We assumed that 25% of spending related to the Obama Library would be net new. The reason that only a portion of this spending is net new is that Chicago residents would likely spend much of this money at other places in the city if they weren't visiting the Library. Table A-2 on page A-10 shows the net economic impact of visitor spending.

FISCAL IMPACT ANALYSIS

We use the results from the economic impact analysis of the Obama Library to estimate the fiscal impact for the City of Chicago. We estimate the impacts for tax revenues associated with:

- Property taxes;
- Sales and restaurant taxes; and,
- Hotel, parking, and rental car taxes.

Note that there are many other taxes and fees in the City of Chicago that might be affected by the Obama Library. We focus on the particular taxes listed above because they would result in the most significant impact due to the presence of the Obama Library. We estimate the tax revenue impacts from both the direct and indirect economic impacts of the Obama Library in Chicago.

Property taxes

In order to estimate the additional property tax revenue due to the Obama Library in Chicago, we used our estimations for direct net new employees as well as indirect net new employees. For each group of employees, we took the following steps to estimate new property taxes:

-
1. Calculated the number of net new homeowners in Chicago using ESRI, Inc., data on Chicago home-ownership rates by income level.
 2. Determined the average home value for Chicago homeowners for the appropriate income levels for employees.
 3. Applied the effective tax rate on property in the City of Chicago to the home values.¹⁹

See Table A-3 on page A-11 for our estimate of property tax revenues caused by the Obama Library in Chicago.

Sales and Restaurant Taxes

We estimate the net new sales and restaurant taxes for direct and indirect employees, as well as visitor spending.

Sales and Restaurant Taxes from Employees. In order to calculate the impact new employee wages have on sales and restaurant taxes in Chicago, we first calculate the percentage of employee earnings that are spent on taxable goods in Chicago. We estimate that 90% of income is spent in the city, allowing for spending on out-of-state purchases such as online shopping or on travel. Not all consumption in the state is taxable, however. For example, spending on rent or prescription medicine is not taxable. Using microdata from the Consumer Expenditure Survey, we estimate that 60% of spending in Chicago is spent on taxable goods and services. We then apply the 1.25% in sales tax that goes toward City of Chicago collections to that spending, and the additional 0.25% restaurant tax to spending on food away from home.²⁰

Sales and Restaurant Taxes from Visitor Spending. Based on the net new spending by visitors on retail and food in Chicago, we apply the sales tax rate of 1.25% to retail spending, and the additional 0.25% on restaurant spending to estimate the new tax revenues.

See Table A-3 on page A-11 for our estimates.

Hotel and Transportation Taxes

Hotel expenditures are taxed at the city rate of 4.5%. For parking taxes, we apply an average rate of 19%, since tax rates are 18% on Mon-Thurs, and 20%

19. We used the effective property tax rates for 2012 as published by the Cook County Clerk's office (1.79%), and only considered the proportion of taxes going to City of Chicago entities, which include the Chicago Park District, the City of Chicago, the Chicago Board of Education, and Chicago Public Schools, among others. Not including Cook County taxes brings the effective tax rate to 1.63%.

20. Based on the 2012 Consumer Expenditure Survey, urban households spend an average of 5.2% of expenditures on food and drink away from home.

on the weekends. Finally, rental car taxes are levied at \$2.75 per day per vehicle. We assumed that each visitor party had an average of two people, and that the average length of stay is two days. This allowed us to estimate how many rental-car days there would be due to the Presidential Library. These estimations can be found in Table A-3 on page A-11.

Table A.1. Net Economic Impact for the Construction and Operations of the Obama Library in Chicago

	Total Spending	% of Spending in Chicago	% Net New in Chicago	Net New Spending in Chicago (Direct Impact)	Multipliers			Economic Impact (Direct + Indirect)		
					Output	Earnings	Employment	Output	Earnings	Employment
<i>Construction-Related Spending</i>										
Fees for Services (Legal, Engineering, Architectural)	\$ 160,000,000	60%	99%	\$ 95,040,000	1.94	0.57	10.97	\$ 184,330,080	\$ 54,619,488	1,043
Construction	\$ 220,000,000	99%	99%	\$ 215,622,000	1.96	0.47	10.37	\$ 421,691,945	\$ 101,514,838	2,237
Construction Spending Impact	\$ 380,000,000			\$ 310,662,000				\$ 606,022,025	\$ 156,134,326	3,280
<i>Operations Impact</i>										
<i>Non-Payroll Spending</i>										
Grants	\$ 286,363	100%	99%	\$ 283,499	2.04	0.47	9.04	\$ 577,970	\$ 132,082	3
Fees for services	\$ 287,343	85%	95%	\$ 232,029	1.94	0.57	10.97	\$ 450,021	\$ 133,347	3
Advertising, media, and promo	\$ 19,644	70%	100%	\$ 13,751	1.95	0.55	10.52	\$ 26,796	\$ 7,560	0
Office expenses	\$ 22,519	60%	100%	\$ 13,511	1.77	0.40	7.54	\$ 23,971	\$ 5,395	0
Travel, events, and conferences	\$ 185,770	50%	90%	\$ 83,596	2.01	0.51	14.27	\$ 167,786	\$ 42,743	1
Printing	\$ 56,397	99%	99%	\$ 55,274	1.92	0.41	9.49	\$ 106,209	\$ 22,607	1
Meals and lodging	\$ 762,809	95%	90%	\$ 652,202	1.86	0.45	12.73	\$ 1,210,552	\$ 296,035	8
Equipment, rental, maintenance,	\$ 33,631	85%	90%	\$ 25,728	2.07	0.50	9.21	\$ 53,336	\$ 12,771	0
Postage and mail	\$ 434,175	90%	99%	\$ 386,850	1.97	0.76	14.44	\$ 761,398	\$ 292,072	6
Other	\$ 1,189,914	75%	60%	\$ 535,461	2.11	0.66	20.29	\$ 1,130,733	\$ 355,171	11
Subtotal: Non-Payroll Spending Impact	\$ 3,278,564			\$ 2,281,903				\$ 4,508,774	\$ 1,299,784	32
<i>Payroll Spending</i>										
Salaries and wages	\$ 3,497,816	85%	97%	\$ 2,883,949	1.20	0.26	7.13	\$ 3,460,162	\$ 747,808	21
Benefits	\$ 699,563	85%	97%	\$ 576,790	2.10	0.45	8.64	\$ 1,209,932	\$ 257,594	5
Subtotal: Payroll Spending Impact	\$ 4,197,379			\$ 3,460,739				\$ 4,670,094	\$ 1,005,402	26
Net Economic Impact, Operations										
	Output	Earnings	Employment							
Direct Impact	\$ 5,742,642	\$ 3,460,739	43							
Indirect Impact	\$ 3,436,226	\$ 2,305,186	58							
Total Net Economic Impact	\$ 9,178,868	\$ 5,765,925	100							

Source: NARA, BEA RIMS II Multipliers, AEG Estimates

Analysis: Anderson Economic Group, LLC

Table A-2. Net Economic Impact of Visitor Spending at the Obama Library in Chicago

	Total Spending	% of Spending in Chicago	% Net New in Chicago	Net New Spending in Chicago (Direct Impact)	Multipliers			Economic Impact (Direct + Indirect)		
					Output	Earnings	Employment	Output	Earnings	Employment
Visitor Spending										
Hotel	\$ 56,000,000	100%	53%	\$ 29,680,000	1.85	0.45	12.61	\$ 54,952,520	\$ 13,450,976	374
Food	\$ 59,300,000	100%	50%	\$ 29,917,000	1.98	0.49	20.76	\$ 59,289,511	\$ 14,802,932	621
Retail	\$ 52,250,000	100%	49%	\$ 25,802,500	1.84	0.45	15.18	\$ 47,386,291	\$ 11,495,014	392
Transportation	\$ 14,500,000	100%	49%	\$ 7,055,000	2.23	0.54	16.26	\$ 15,727,712	\$ 3,841,448	115
Museums and entertainment	\$ 37,000,000	100%	46%	\$ 17,090,000	2.07	0.60	21.78	\$ 35,366,046	\$ 10,308,688	372
Total Visitor Spending Impact	\$ 219,050,000			\$ 109,544,500				\$ 212,722,079	\$ 53,899,057	1,874

Net Economic Impact, Visitor Spending			
	Output	Earnings	Employment
Direct Impact	\$ 109,544,500	\$ -	-
Indirect Impact	\$ 103,177,579	\$ 53,899,057	1,874
Total Net Economic Impact	\$ 212,722,079	\$ 53,899,057	1,874

Source: NARA, BEA RIMS II Multipliers, AEG Estimates

Analysis: Anderson Economic Group, LLC

Table A-3. Net New Tax Revenues for City of Chicago Due to the Obama Library

	Net New Taxable Spending (a)	Tax rates (c)	Total Net New Taxes Collected
Direct Property Taxes	\$ 5,437,316	1.6%	\$ 88,511
Indirect Property Taxes	\$ 95,853,055	1.6%	\$ 1,560,338
<i>Subtotal: Property Taxes</i>	<i>\$ 101,290,372</i>		<i>\$ 1,648,849</i>
Direct Sales & Restaurant Taxes	1,565,995	1.27%	\$ 19,912
Indirect Sales & Restaurant Taxes	\$ 30,519,118	1.27%	\$ 388,065
Visitor Sales & Restaurant Taxes	\$ 55,719,500	1.38%	\$ 771,286
<i>Subtotal: Sales & Restaurant Taxes</i>	<i>\$ 87,804,613</i>		<i>\$ 1,179,263</i>
Hotel Taxes	\$ 29,680,000	4.5%	\$ 1,335,600
(d) Parking Taxes	\$ 1,855,000	19%	\$ 352,450
(e) Rental Car Taxes	\$ 2,782,500	\$2.75/day/car	\$ 255,063
<i>Subtotal: Hotel & Transportation Taxes</i>	<i>\$ 34,317,500</i>		<i>\$ 1,943,113</i>
Total Net New Fiscal Impact	\$ 223,412,484		\$ 4,771,225

Notes:

- (a) Calculated as number of new homeowners times the average median home value. Homeowners and values estimated using the number of new employees, and using ESRI, Inc. data on the rate of homeownership in Chicago. We also use the Consumer Expenditure Survey to determine employee spending spent on taxable goods in Chicago.
- (b) Average home value estimated using ESRI, Inc. data for home values by income for the City of Chicago.
- (c) Tax rates are estimated as the effective tax rates published by Cook County, and only account for taxes going to City of Chicago entities, and not Cook County.
- (d) Parking taxes are based on 18% taxes Mon-Thurs, and 20% taxes Fri-Sun.
- (e) We assume that approximately 233,000 visitors from out-of-town will use rental cars, which are taxed at \$2.75 daily. We assumes an average stay of 2 days.

Source: Cook County Clerk; The Tax Foundation; ESRI, Inc.; BEA RIMS II Multipliers; American Consumer Survey; AEG Estimates

Analysis: Anderson Economic Group, LLC

Appendix B. About the Authors

ANDERSON ECONOMIC GROUP

Anderson Economic Group, LLC was founded in 1996 and today has offices in East Lansing, Michigan, and Chicago, Illinois. AEG is a research and consulting firm that specializes in economics, public policy, financial valuation, and market research. AEG's past clients include:

- *Governments* such as the states of Michigan, North Carolina, Kentucky, and Wisconsin; the cities of Detroit, Cincinnati, Norfolk, and Fort Wayne; counties such as Oakland County, Michigan, and Collier County, Florida; and authorities such as the Detroit-Wayne County Port Authority.
- *Corporations* such as GM, Ford, Delphi, Honda, Taubman Centers, The Detroit Lions, PG&E Generating; SBC, Gambrinus, Labatt USA, InBev USA, Spartan Stores, Nestle, and automobile dealers and dealership groups representing Toyota, Honda, Chrysler, Mercedes-Benz, and other brands.
- *Nonprofit organizations* such as Michigan State University, Wayne State University, University of Michigan, Van Andel Institute, the Michigan Manufacturers Association, United Ways of Michigan, Service Employees International Union, Automation Alley, and the Michigan Chamber of Commerce.

Please visit www.AndersonEconomicGroup.com for more information.

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Mr. Horwitz is a Consultant at Anderson Economic Group, working in the Public Policy and Economic Analysis practice area. Mr. Horwitz' work includes research and analyses for a range of AEG clients representing both the public and private sectors.

Mr. Horwitz's recent work includes an assessment of the effects of personal property tax reform in Michigan, an assessment of the effects of proposed reforms to state pension and retiree health care systems, analyses of the fiscal condition and tax policies of Michigan's state and local governments, and a review of tax incentive programs administered by the states of Michigan and Kentucky, respectively.

Prior to joining AEG, Mr. Horwitz was the Coordinator of Distribution for the Community Center of St. Bernard near New Orleans, where he oversaw the distribution of donated food, clothes, and household supplies to low-income residents of St. Bernard Parish and New Orleans' Lower Ninth Ward.

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